

# FOREIGN POLICY BULLETIN

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## WASHINGTON SEEKS SUPPORT FOR INCREASED FOREIGN LENDING

THE Truman administration has been rapidly revising the economic and political bases of United States foreign policy since the appointment of George C. Marshall as Secretary of State in January. The magnitude of this change, foreshadowed in the President's message to Congress on March 12 proposing aid to Greece and Turkey, became increasingly clear in the address Under Secretary of State Dean Acheson gave on May 8 in Cleveland, Mississippi. This major public statement reveals how policy has developed not only since Marshall's assumption of office but even since the enunciation of the Greek and Turkish proposals. These proposals were approved by the House of Representatives 287 to 107 on May 9 in almost the form which the Senate on April 23 had accepted 67 to 23. The size of the favorable votes in those two Congressional ballots indicates the general readiness of the country to acquiesce in a policy of active participation in world affairs. But whether Congress will approve the yet broader undertakings that Acheson called for depends on its willingness, first, to spend billions of dollars at a time when there is a strong desire to effect savings in federal expenditures, and, secondly, to accept government controls over American economy in an atmosphere unfavorable to state regulation.

**DIRECT ASSISTANCE.** Acheson in essence suggested a sort of peacetime lend-lease. The arrangement he outlined would give the Truman Doctrine, now largely defensive in purpose, a positive character. The Administration has been keenly aware of criticisms of its policy on Greece and Turkey. While the Greek-Turkish proposals stress resistance to communism, the objective emphasized by Acheson is that of "building world political and economic stability." Acheson restated the intention of the United States,

indicated in the Truman Doctrine, to achieve its political aims abroad through economic means, but he did not call for use of military power on which the Doctrine partly relies. However, the appointment on May 12 of Robert A. Lovett, former Assistant Secretary of War for Air, as successor to Mr. Acheson, emphasizes the importance of military considerations in the making of foreign policy.

The nub of the Acheson proposals is that the United States should provide large quantities of American goods on credit to unnamed foreign countries at least through 1949 for the reason that "until the various countries of the world get on their feet and become self-supporting there can be . . . no lasting peace or prosperity for any of us." The Administration, moreover, is extending the scope of our international economic activity. The predominant official view when Marshall became Secretary was that the economy of foreign countries could be improved simply by the stimulation of international trade, notably through the establishment of the International Trade Organization. Now officials hold that, in order to repair the economic damage of World War II and subsequent disasters, the United States should not only encourage trade but directly aid the production of foreign goods. This form of international public works program is to be applied elsewhere after it has been first tested in Greece. The axiom in Washington today is that prosperity, like peace, is indivisible.

The United States is temporarily assuming individual responsibility—rather than sharing collective responsibility with the United Nations—for getting the world back on its feet, both because it prefers to act independently of Russia and because it alone has the capacity to give effective help. Acheson dwelt on the staggering "disparity between production in

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the United States and production in the rest of the world." Our exports this year will probably total \$16,000,000,000, while our imports will amount to but \$8,000,000,000. Mr. Acheson went on to say that although "the United States must take as large a volume of imports as possible from abroad," it will also "have to undertake further emergency financing of foreign purchases if foreign countries are to continue to buy in 1948 the commodities which they need to sustain life and at the same time to rebuild their economies. . . . We know now that further financing, beyond existing authorizations, is going to be needed."

**SELECTED BENEFICIARIES.** Meanwhile the "one-world" universalism that characterized United States foreign policy at the end of the war is giving way to regionalism. Instead of helping everybody, the Administration intends, as Acheson put it, to "concentrate our emergency assistance in areas where it will be most effective in building world political and economic stability, in promoting human freedom and democratic institutions, in fostering liberal trading policies and in strengthening the authority of the United Nations." While that statement on its negative side means that countries governed by Communists will get no help, the policy opens the door to a larger number of countries than conceivably could have qualified for assistance under the narrower March 12 proposals. The most likely beneficiaries of the policy formulated by Acheson are the United Kingdom, France, Italy, Iran, India and Korea. As a

*quid pro quo*, the United States hopes that the seventeen governments now conferring in Geneva with American representatives will establish the International Trade Organization. "The Geneva Conference must succeed," Acheson said.

**NEED CONGRESSIONAL SUPPORT.** The dilemma confronting the United States is the possibility that this prosperous country may suffer a profound depression, which would jeopardize our standard of living, our domestic political stability, and our leadership in world affairs, unless we can maintain a flow of exports to other countries. The fear of a downward economic spiral precipitated by the rapidly diminishing ability of other countries to purchase our goods has even caused the Administration to suggest, through Acheson, that we aid our recent enemies. The Administration proposals which he has set forth require measures of self-abnegation at home for the sake of success abroad. They call, among other things, for a large federal budget that might kill hopes for lower taxes. The Administration will want the Republican Congress—which is in revolt against the New Deal—to renew the presidential powers to regulate the export of wheat, steel, and coal and to assign priorities on transportation, so that the United States might distribute goods equitably according to need, not according to ability to pay, in order to give partial satisfaction to competing buyers here and overseas. The Administration is now stressing the link between this country's foreign policy and its domestic interests. BLAIR BOLLES

## SHOULD U.S. REBUILD JAPAN AS "WORKSHOP" OF ASIA?

The statement by Under Secretary of State Acheson on May 8 that the United States must "push ahead with the reconstruction of those two great workshops of Europe and Asia—Germany and Japan—upon which the ultimate recovery of the two continents so largely depends," raises one of the fundamental problems facing this country in its administration of occupied countries. This problem can be stated as follows: To what extent shall we assume the risk of helping defeated enemies back to positions of economic leadership before we are certain that they have turned away from the path of militarism?

**ECONOMIC DILEMMA IN JAPAN.** If it were certain, for example, that Japan had rid itself of the war-making mentality which dominated its people not long ago, aid could be given without fear that the country's restored economic strength might ultimately be misused. On the other hand, if Japan appeared as yet unchanged, rebuilding the Japanese economy could not be recommended with confidence except by those who viewed Japan as a potential ally, or who felt that the United States and associated powers would always be in a position to keep Japan from again becoming an aggressor. The

actual situation is more complex than either of these alternatives, for while some progress has been made toward Japan's political and social reconstruction, the seeds of militarism are still present in Japanese society, and the general spirit of the old order remains strong among Japanese governmental leaders.

There is undoubtedly a genuine need for renewed Japanese exports, to help meet textile and other shortages in various parts of Asia and to provide Japan with the means to increase its own imports. At the same time the United States feels inclined toward early action on the economic front because Japan's economy presents increasingly serious occupation problems and entails a heavy expense for the American budget. Yet if large-scale American assistance were extended for reconstruction of the Japanese "workshop," without prior agreement of the other Allies, security fears would probably be aroused in a number of countries, among them not only the U.S.S.R., but also China and Australia.

**YOSHIDA'S VIEWS ON STRATEGY.** Various straws in the wind have indicated for some time that Japanese Premier Yoshida and the men about him hope the occupation period will lead toward an ulti-

mate military and economic alliance with the United States. On March 19, following shortly after President Truman's speech on Greece and Turkey and a declaration by General MacArthur proposing early negotiation of a peace treaty for Japan and an end to the military occupation, Yoshida stated that he wanted the United States to remain in Japan after the conclusion of peace. He added, in an apparent effort to include Japan in the Truman Doctrine: "We are having our battles with the Communists, too, and we have a very dangerous enemy to the north."

More recently, on May 6, Emperor Hirohito visited General MacArthur. The following day, the head of the Information Department of the Japanese Foreign Office, who had been present at the interview, told American correspondents that MacArthur had assured Hirohito the United States would guarantee the defense of Japan. This pledge was allegedly made in reply to a declaration by the Emperor that the Japanese are worried because their new constitution contains a clause renouncing war and prohibiting the maintenance of armed forces. In a special statement of May 8, however, MacArthur characterized the report as an "absurdity." Japan's security, he said, is an Allied obligation and after conclusion of the peace treaty will depend on the peace terms. The problem, in its international aspects, presumably "will largely rest with the United Nations, or some similar collective agency." He noted, however, that "the United States might well have a special interest in the matter because of the strategic geographic location of Japan in its relation to Pacific defense."

**THE JAPANESE ELECTIONS.** Although this incident is not clear in all its implications, it offers further evidence of the attitude of the Japanese government toward establishing a military link with the United States. Yoshida, it is true, may soon be replaced as Premier, following the recent elections, but the voting does not suggest any marked change in Japan's predominantly rightist complexion.

Four elections were held in Japan during April and the early part of May. Prefectural governors, city and town mayors, village headmen, and mem-

bers of local assemblies were chosen on April 5; members of the House of Councillors, new upper house of the Diet, on April 20; members of the House of Representatives, lower house of the Diet, on April 25; and members of prefectural councils on April 30. The balloting of April 5, 20 and 30 produced a highly conservative body of victorious candidates, but the April 25 election of the House of Representatives diverged somewhat from the main trend, with the Social Democrats emerging as the largest single party in the Diet's lower chamber. The right-wing Liberals and Democratic parties, however, together won a majority of the seats, and the Liberals also drew a larger popular vote than the Social Democrats.

Although many factors entering into the elections remain uncertain, the following conclusions may be drawn. (1) The right wing won an important victory, but there was a slight trend toward the center. (2) The election of a large number of independent candidates, especially in local contests, indicates that party politics has not yet become strong at the grass-roots level. (3) The electorate, while endorsing conservatism, desired a change of cabinet, perhaps largely for economic reasons. (4) The Communists suffered a very severe electoral setback, polling less than half as many votes as in the balloting of April 1946. (5) The Yoshida cabinet, through redistricting, changes in the method of voting, and use of the purge of politically undesirable elements, apparently took advantage of its governmental position to weaken the opposition. (6) The actual conditions of voting were essentially free and democratic, but the results suggest that Japan has a long way to go before it can be said to have broken decisively with the past. That it has not yet made such a break is hardly surprising, but under the circumstances caution is required in appraising Japan's economic problems. There is clearly an immediate need for a higher level of Japanese foreign trade, as well as for Japanese action against inflation and the growing black market, but a hasty decision to make Japan the "workshop" of Asia would involve serious risks.

LAWRENCE K. ROSINGER

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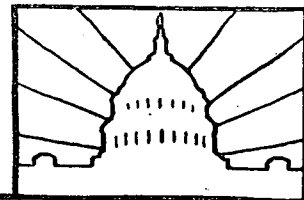
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# Washington News Letter



## STATE DEPARTMENT PRESENTS NARROW DEFENSE OF OIC PROGRAM

Whether the "Voice of America," the daily short-wave broadcasts which are now beamed by the State Department to Russia and sixty-six other countries will be heard after June 30, when the current appropriation for the Office of Information and Cultural Affairs (OIC) expires, is still an open question. The Senate may take steps to rescue the program, which the House Committee on Foreign Affairs tried to kill on May 5 by striking out of the State Department's proposed budget the \$31,381,220 requested by the OIC—except for the student exchange program which has been curtailed but not abandoned. Even if the Senate should decide to recommend restoration of the entire amount, the OIC will still be in danger unless it has meanwhile obtained the permanent statutory basis which the State Department has repeatedly requested.

If the Department's information and cultural program survives its difficulties in Congress, its continuance will be largely due to the outcry of private individuals and a considerable section of the press against termination of the OIC. Most of those who have risen to the defense of the broadcasts, libraries, motion pictures and wireless news reports used abroad to disseminate information on United States policies contend that since other countries, and particularly Russia, are carrying on active propaganda programs, the United States cannot afford to be silent.

**REASONS FOR ATTACK ON OIC.** In view of Russian radio charges against the United States, supporters of the State Department's information program have been puzzled by Congressional opposition to the OIC, particularly since much of it comes from representatives who are strongly critical of Russian influence in Europe and Asia. However, the subcommittee on the State Department's appropriations bill—headed by Karl Stefan, Republican, from Nebraska—was clearly determined to slash the Department's budget at some point in order to make possible the fiscal reductions which many members of the Eightieth Congress promised their constituents last November.

In some respects the OIC presented a comparatively easy target for the subcommittee's attack. Not only is the OIC still experimenting with various forms of news and cultural presentation, but it sometimes deals with subjects on which many Americans disagree. For example, the OIC has aroused controversy by the collection of seventy-nine modern paintings, including the much-discussed "Circus Lady

Resting," which it was planning to exhibit abroad, and by its broadcast on April 25 of a review of a recent book, *The Wallaces of Iowa*.

**POSITIVE WORK OF OIC.** At the same time, it is difficult to see how a United States program giving other countries information about our cultural activities could be entirely uncontroversial—unless, of course, it is forced to follow some official "line" on such subjects as art, literature, music, education, and so on. This, however, would promptly open the American government to the charge of cultural "totalitarianism." If the United States is to carry on a cultural program directed to other countries, the most constructive thing it can do is to give other peoples an opportunity to become acquainted with the diversity of tastes and opinions which gives richness to our cultural heritage drawn from many national sources. In fact, one of the strongest arguments made by private individuals in favor of continuance of the program is that it does not, at the present time, seek to present a purely "official" point of view.

Discussion about the merits and demerits of "The Voice of America" or of the art exhibit which the State Department unsuccessfully sought to send abroad should not cause the American public to overlook other aspects of the work of the OIC where solid achievement has been recorded, as, for example, in the less controversial fields of publishing and translating, student and teacher exchange, cultural institutes, and libraries. It is all the more regrettable, therefore, that William Benton, Assistant Secretary of State for Public Affairs and chief spokesman for the OIC before the House Committee, failed to give a positive picture of the accomplishments of the OIC, even when Mr. Stefan repeatedly asked for a general review of the organization's achievements. The predominantly defensive tactics used by the State Department in presenting its case appear to have played their part in losing the OIC the first round in its fight for survival.

While awaiting the result of further hearings before the House Committee on Foreign Affairs, in the course of which Lieut. Gen. Walter Bedell Smith, Ambassador to the Soviet Union, is scheduled to testify on the value of broadcasts to Russia, the State Department has resumed Greek-language short-wave broadcasts to Greece, suspended last June. The first news beamed on this program will be an account of the House action on President Truman's plan for economic and military aid to Greece.

WINIFRED N. HADSEL